

JUN 5 1967

Allen-Scott Report

Searing Irony Of Mid-East

By ROBERT S. ALLEN
and PAUL SCOTT



Mr. Allen

WASHINGTON—For the U.S. there is searing irony in what is transpiring in the inflamed Middle East.

Nasser and the other Arab warlocks are outdoing themselves in venomous excommunication and castigation of the U.S. They are furiously branding it as "imperialistic," the "enemy," an "aggressor," etc. No vituperation is too harsh, no vilification too extreme.

Yet in the past 15 years, this country has poured close to \$2 billion in economic aid in Egypt, Syria, Iraq, Jordan and Lebanon.

Of this huge total, around \$1.5 billion was handed out between 1961 and 1966 — in the Kennedy and Johnson administrations.

These and subsequent figures include only those through June 30, 1966, the close of the last fiscal year. Figures on economic aid to these five Arab countries in the current fiscal year are unobtainable. Efforts to get this information at the State Department and the Agency for International Development, which administers foreign aid, were fruitless.

Officials refused to produce the figures on the ground they are "still classified." No explanation was given for this secrecy.

Of the nearly \$2 billion in economic aid to Egypt, Syria, Iraq, Jordan and Lebanon, more than one-half was in surplus food — paid for with local currency which remains in these countries. A small portion is available for U.S. diplomatic and other official expenditures there. But most of the currencies are earmarked for "development projects" in these countries.

So, in effect, these surplus grain and other food "sales" actually were giveaways paid for by U.S. taxpayers.

In every instance this aid saved these countries from grim food shortages, and at the same time powerfully bulwarked their shaky economies. Without this U.S. food untold thousands of men, women and children in these lands would have suf-

fered dire hunger and privations.

The most vitriolic Arab beneficiary has received the most U.S. aid.

Since 1957 Egypt's share totals more than \$1.133 billion. Of this, \$902.2 million has been in surplus food; the remainder in long-term, low-interest loans and credits for factories and other projects.

These include \$30 million for a power plant in Cairo, one of whose functions is to supply electricity for Nasser's hate-spewing and war-mongering giant radio station.

In many instances repayment of U.S. loans is in local currency that remains in Egypt. Of the dollar loans Nasser is millions in default on scheduled payments.

Surplus food shipments to Egypt soared under President Kennedy.

In his three years in office, they totaled \$398.9 million. In 1961 they jumped to \$82.5 million from \$12.7 million under President Eisenhower. In 1962 they again more than doubled to \$174.5 million. In 1963 they declined somewhat to \$141.9 million.

In addition to giving Nasser huge amounts of surplus food, the Kennedy administration also granted a \$17 million long-term, low-interest loan for the construction of facilities to store the bountiful supplies of grain Nasser was getting from the U.S. virtually for nothing.

Last year the Senate Subcommittee on Foreign Aid Expenditures disclosed that Nasser had sold large quantities of U.S. surplus grain to Communist countries — in direct violation of the Food for Peace Act and his signed pledge to abide by this law.

+ of Committee on
Government Operations

"In November 1964," the committee reported, "a two-year agreement was entered into between the U.S. and the United Arab Republic whereby surplus grains were to be furnished under Title IV of Public Law 480. Despite a written agreement not to do so, the UAR increased its exports of rice to Communist countries at a time when it was receiving wheat from the U.S. which it used for domestic consumption instead of rice normally consumed."

The Department of State knew about these violations of the law and written agreement, but did absolutely nothing about them. . . . The State Department either finds a rationale for condoning the violations, or simply takes no action against a country which has violated its agreement not to ship foodstuffs to Communist countries during the period it is receiving food assistance from the U.S."

The Senate committee charged that while Nasser used U.S. surplus wheat, which he got in effect for nothing, to meet domestic needs, he exported Egyptian rice to Communist countries as follows:

Russia 131,000 metric tons; Red China 20,000; Cuba 62,000; Czechoslovakia 24,000; Poland 16,000; Rumania 17,000; Yugoslavia 16,000; East Germany 13,000; Hungary 6,000; Bulgaria 4,000; Indonesia 52,000; Syria 20,000; Lebanon 13,000; Iraq 4,000.

Next largest Arab beneficiary is Jordan — which is largely dependent on the U.S. for solvency.

Economic aid to this small country totals \$517.2 million. Of this an unspecified amount is for budget balancing. Throughout the many years the U.S. has been balancing Jordan's budget its own budget has been billions in the red.

In addition to economic aid, Jordan has received \$53.6 million in military assistance.

The other three Arab beneficiaries have obtained the following:

SYRIA — \$73.2 million in economic aid; \$100,000 in military assistance. Most of the economic aid has been in surplus food, with the remainder in long-term, low interest loans and credits, virtually all repayable in local currency. In other words, like the food "sales," they are actually give-aways.

IRAQ — \$102.7 million in economic and military aid. The bulk of the former has been in surplus food. Most of the \$16.6 million in military assistance was in 1953 to 1958 when the country was a monarchy. In the last several years U.S. aid to Iraq has dropped to little more than \$5 million annually.

LEBANON — \$87.9 million in economic and military aid. Of this total only \$3.7 million has been for military assistance. Virtually all the remainder has been in loans and credits, of which \$4.7 million has been repaid.

In all of these Arab countries the best-kept secret is the immense quantities of food the U.S. has given them. The mass of people have no awareness of that, as the authorities do not publicize it and the U.S. does little or nothing to make it known.

On the other hand, Nasser and the other Arab rulers loudly and continuously extol aid from Russia and other Communist countries.

The Senate committee reported that the Egyptian press and radio made a great to-do when a Soviet freighter unloaded a small shipment of wheat at Alexandria. But a few weeks later when \$17 million of U.S. grain arrived, not one word was said about that.

The Senate investigators established that Nasser barred all publicity about U.S. aid. The same policy is enforced in the other Arab countries.